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C O N F I D E N T I A L SEOUL 001435

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TAGS: [PREL](#) [ETRD](#) [PINR](#) [PGOV](#) [ECON](#) [EINV](#) [KS](#) [UZ](#)  
SUBJECT: ROK RELATIONS WITH UZBEKISTAN: BLOOD, GAS, GOLD  
AND OEF

Classified By: POL M/C James L. Wayman. Reasons 1.4(b/d)

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Summary  
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¶1. (C) Uzbek Embassy DCM Alisher Okhunjonov gave us an upbeat assessment of bilateral ties with South Korea, which is now Uzbekistan's number one East Asian investor and one of its top trade partners. Using Uzbekistan's large ethnic Korean community as a bridge, the Korea Gas Corporation, the Korean National Oil Corporation and the Korean Natural Resources Corporation have all become major players. In addition, Okhunjonov explained that Korean Airlines (KAL) and its parent company, Hanjin, are helping expand Navoi airport into a regional hub for, among other things, moving supplies to coalition forces in Afghanistan. Though the Uzbek government currently restricts all air freight to non-lethal cargo, Hanjin and its local contractors now provide "security-enhanced" ground and rail shipping into Afghanistan. DCM Okhunjonov indicated that a Free Industrial Economic Zone (FIEZ) near Navoi airport may, with increased investment from ROK companies, also play an expanded role in supplying light industrial products to coalition forces. End summary.

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Blood Ties: Huge Ethnic Korean Community  
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¶2. (SBU) Uzbek Embassy DCM Alisher Okhunjonov recently gave us his take on the state of South Korea's rapidly expanding economic relationship with Uzbekistan. A legacy of Stalin's forced deportation of "unreliable" minorities to Soviet Central Asia, Uzbekistan is home to nearly 200,000 ethnic Koreans -- the largest such community in the CIS. Looking at the big picture, Okhunjonov characterized the ROK-Uzbek relationship as one flourishing because it is "complementary" with "no historical or political baggage" to hinder it. The DCM proudly noted that there have been 14 high-level bilateral visits since 2006, including two trips to South Korea by President Karimov and a trip to Tashkent in May by ROK President Lee Myung-bak.

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It's the Gas...  
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¶3. (SBU) ROK "resource diplomacy" is driving the expansion of ties with Uzbekistan. Okhunjonov said South Korea is now Uzbekistan's largest East Asian investor and one of its most important trade partners, with nearly 1.3 billion USD in total trade during 2008, up from 740 million in 2007; the DCM

predicted the figure for 2009 would match or slightly exceed the 2008 total. Okhunjonov said South Korean firms bring to the proverbial table the technical expertise needed to tap Uzbekistan's natural resources, including its huge reserve -- 10th largest in the world -- of natural gas. The DCM related that the most active ROK corporate players are the Korean Gas Corporation (KOGAS), the Korean National Oil Corporation (KNOC) and the Korean Natural Resources Corporation, which has signed an agreement to develop major Uzbek uranium, iron and gold mines.

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...and the Airport  
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14. (SBU) Okhunjonov emphasized that the ROK is also playing a leading role in helping realize President Karimov's vision of "reviving the Silk Road." The DCM explained that President Karimov managed to persuade Korean Airlines (KAL) and its parent company, Hanjin, to develop Navoi airport as a hub for regional air passenger/cargo service.

15. (SBU) The General Manager of the KAL Navoi Project Team, Bryan Yoo, told us separately that there are currently six flights per week between Navoi and Seoul and, even though the planes are only "30 to 40 percent full," Yoo asserted that KAL is not planning to reduce the number of flights. KAL's goal in maintaining the six flights, he claimed, is to promote Uzbek-Korean cooperation and develop a solid customer base in Central Asia.

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Supply Hub for OEF  
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16. (C) Yoo explained that, in addition to handling civilian airline passenger traffic, the Navoi hub is expanding into an important transit route for U.S. military supplies going to Afghanistan. Though the Uzbek government currently restricts all air freight to non-lethal cargo and will not allow KAL to fly from Navoi to Afghanistan, Hanjin (in conjunction with local contractors) now provides "security-enhanced" ground and rail shipping service into Afghanistan. Yoo said, for example, that a recent test shipment of bunk beds was successfully delivered across the Afghan border via the Navoi terminal.

17. (SBU) According to DCM Okhunjonov, the Free Industrial Economic Zone (FIEZ) near the airport will likely play an expanded role in supplying goods to U.S. forces in Afghanistan. He explained that the FIEZ, which is patterned on the Kaesong Industrial Complex, provides foreign businesses with a package of incentives and tax breaks to establish, for example, pharmaceutical, textile, and food processing plants. The majority of the FIEZ's current tenants are South Korean companies; roughly 1,000 Uzbeks work in the zone, the DCM said. He added, though, that 90 additional ROK companies are scheduled to tour the Navoi FIEZ this fall.

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